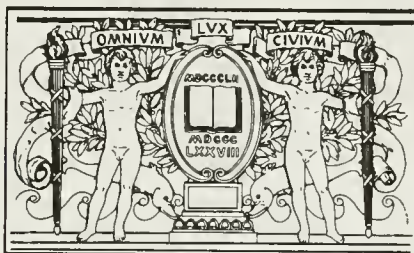


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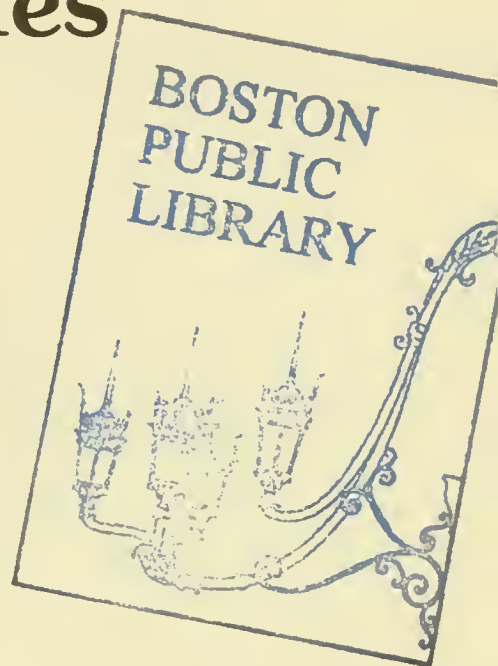
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DESIGNING AN ENTREPRENEURSHIP DEVELOPMENT STRATEGY FOR CHINATOWN: A RESOURCE DOCUMENT

Draft

Submitted to:

Chinatown/South Cove Neighborhood Council

January 17, 1989

DRAFT
For
Discussion Purposes Only

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DESIGNING AN ENTREPRENEURSHIP DEVELOPMENT STRATEGY FOR CHINATOWN

1.0 Introduction

The purpose of this paper is to assist the Chinatown/South Cove Neighborhood Council in developing a strategy to promote entrepreneurship and small business development in the Chinatown community, related in particular to the opportunities created by development in the proposed Midtown Cultural District. The paper briefly discusses currently planned development in the District and some of the market opportunities it is likely to create for new business development; describes a number of programmatic options that the community can develop to assist existing and prospective entrepreneurs to take advantage of these opportunities; and suggests certain steps that should be taken in the development of an entrepreneurship strategy. The paper is designed to be a resource document to guide the community in the development of its own strategy. Further research and community discussion must occur before a final strategy can be adopted.

2.0 The Need for an Entrepreneurship Development Strategy

The promotion of new enterprise development has become an increasingly important element of community economic development strategies in recent years. A major reason for this is the leading role played by small and young businesses in new job creation. Encouragement of the development of *locally-owned* small business development offers a number of additional benefits to communities and neighborhoods. This includes the retention of more wealth within the community, greater responsiveness to local employment and product needs, and the creation of an "entrepreneurial base" that can provide role models and a source of apprenticeship for the next generation of entrepreneurs.

While small and new business development has traditionally occurred at the initiative of individual entrepreneurs, with very limited involvement by local government or community development organizations, in recent years the key role played by these actors in the small business development process has become increasingly recognized. Small and young firms need assistance for a number of reasons, including insufficient access to capital, inability to find appropriately designed, appropriately priced space, and deficiencies in key managerial skills. Entrepreneurs who are recent immigrants may require special assistance in overcoming language barriers and unfamiliarity with American laws and business customs.

In Chinatown, the development of the Midtown Cultural District presents both opportunities and challenges for small business development among existing and potential Chinatown entrepreneurs. On the one hand, planned developments such as the Kingston-Bedford/Essex project, Commonwealth Center, and Boston Crossing promise to create new retailing opportunities and demands for business and consumer services to serve the expanding office market. On the other hand, continuing development pressure has pushed up the cost of real estate and increased congestion, raising the cost of doing business in the community. An entrepreneurship development strategy is needed to respond to both these opportunities and challenges.

3.0 Opportunities for Entrepreneurship: Short- and Long-term Development Plans Impacting the Chinatown Community

As noted the most immediate opportunities for entrepreneurship development are presented by three development projects currently planned for the Midtown Cultural District. In the longer run, there is likely to be additional office and retail development within the district. In addition, the planned reconstruction of the Central Artery and the development of the Chinatown Gateway are likely to yield land for new development with a variety of possible uses including office, retail and light manufacturing. The development process is likely to involve a substantial level of community involvement.

The Midtown Cultural District Plan for zoning regulation now under consideration will in itself create entrepreneurship opportunities for members of the Chinatown community. As currently proposed, the Plan would require developers of more than 50,000 square feet of gross floor area to use "best efforts" to market space to neighborhood business establishments from the Chinatown Special Study Area (as described in the Plan) on comparable terms to other potential users of such space, for a period of not less than ten years. The plan would not, however, require any special lease term concessions for neighborhood businesses. The specific language of this provision is still under consideration.

While little information is available about the nature of longer-term development affecting the community, some details about currently planned developments, particularly Kingston-Bedford/Essex, are known. The basic parameters of these proposals as of December, 1988 are described below. The data is derived from both Project Notification Forms and discussions with BRA project coordinators. Employment impacts include direct employment only, except where noted. Developments will also generate indirect employment (e.g., support businesses). These plans may change as they are further developed.

Kingston-Bedford/Essex

A joint venture of Columbia Plaza Associates and Metropolitan Structures has been designated by the Boston Redevelopment Authority to develop an office/retail complex on the site of the Kingston/Bedford Garage and the adjoining Essex Street lot. The complex is part of a parcel-to-parcel linkage project that will also involve the development of Parcel 18 in Roxbury. The sites are currently owned by the Boston Redevelopment Authority.

Proposed Development Uses

- o Total square footage: 995,000

Retail space: 30,000 s.f.
Office space: 900,000 s.f.
Other: 65,000 s.f.

Employment Opportunities

- o Space allocations and anticipated employment levels have been estimated by firm type and occupational classifications.

Job Breakdown by Firm Type

	<u>Lead</u>	<u>Support</u>	<u>Total</u>
Finance	700	350	1,050
Attorneys	345	695	1,040
Corporate	335	340	675
Accountants	320	130	450
Insurance	110	340	450
Advertising	150	60	210
Retail	10	105	115
Total	1,970	2,020	3,990

Job Breakdown by Occupation

Executives	561
Lawyers	275
Other professionals	448
Technicians	68
Sales	101
Supervisors	376
Computer Operators	226
Admin./clerical	1,887
Food Service	70
Building Service	55
TOTAL	4,067

Job Linkage

- o Based on a total of 995,000 s.f., the development will generate \$895,000 in linkage funds for job training. (The exact method of dividing the job linkage monies between Kingston-Bedford/Essex and Parcel 18 remains to be determined).

Other Community Benefits

- o The developer has agreed to contribute 10% of the developer's fee (\$2,500,000), 5 percent of the net operating income (\$1,250,000 annually), and 10% of the net residuals to a community development trust fund to benefit Chinatown and Roxbury. Uses for the fund suggested by the developer would include land banking, home equity loans, bonding assistance for minority business contractors, risk financing for startup businesses, and leasehold improvements for minority business tenants.
- o The developer has established a goal of 40% minority business enterprise participation in construction contracts and 30% minority business occupancy of retail and commercial space, and has agreed to set aside a portion of space in each project for minority business enterprises at affordable rents.
- o The has committed a \$100,000 challenge grant for planning of programs to be paid for by the project's community benefits package, subject to a one-to-one match from

other sources. Some of these funds have already been distributed. The funds are being shared by the Roxbury and Chinatown communities.

- o The developer is prepared to make a \$400,000 challenge grant subject to a two-for-one match by other public or private sources, for on-the-job management training of minority group members in real estate development, specifically tailored to the linkage project. The funds would be shared equally by the Roxbury and Chinatown communities.

Boston Crossing

Campeau Massachusetts, Inc. is proposing a redesign and expansion of the Jordan Marsh/Lafayette Place Complex involving the rebuilding of Jordan Marsh, the redesign and expansion of Lafayette Place's specialty retail areas, the addition of a second anchor retailer, Bloomingdale's, and the construction of two office buildings. The properties are currently owned by Al-Jordan Realty Corporation, Lafayette Place Associates, and the City of Boston.

Proposed development uses

- o Total square footage: approximately 2,938,000
- Retail space: 1,426,000 s.f.
Office space: 1,600,000 s.f.
Day care/cultural/Neighborhood Facilities: 50,000 s.f.
Parking slots: 1,700-2,000

Employment Opportunities

- o Construction of Boston Crossing is expected to generate 8,200 construction jobs (3,100 direct construction jobs and 5,100 "indirect" construction jobs).
- o It is currently estimated that the development will generate 7,300 new permanent jobs.

Job Linkage

- o Based on a total of 2,938,000 s.f., the development will generate approximately \$2,425,000 in job linkage funds.

Commonwealth Center

This project involves the construction of a mixed use development on two parcels in the Midtown Cultural District: Parcel 30, comprising two-thirds of the block bounded by Tremont, Boylston, Avery and Washington streets; and the Keith Block, an irregular corner site bounded by Washington, Avery, and Mason streets. The properties are currently owned by F.D. Rich of Boston, Inc., A.W. Perry, Inc., and the Boston Redevelopment Authority. The developer is the Commonwealth Center Limited Partnership.

Proposed development uses

- o Total square footage: approximately 2,000,000 s.f.

Retail space: 168,737 s.f.

Office space: 1,400,000 million s.f.

Two theaters of 499 and 250 seats respectively

One multi- screen cinema

Parking slots: 1,200-1,600

Residential units: 150-200

Hotel units: 250-300 rooms

Employment Opportunities

- o The development is currently estimated to generate 6,350 new permanent jobs.
- o No specific employment projections or proposals for job training programs were included in the PNF.

Job Linkage

- o The development is currently estimated to generate approximately \$1,600,000 in job linkage funds.

4.0 Planning for an Entrepreneurship Development Strategy

How can the Chinatown community use these development activities to create entrepreneurship opportunities for Chinatown residents and other members of the Asian business community? A planning process must be established to design an entrepreneurship development strategy. The development of the plan should involve obtaining three categories of information: 1) entrepreneurial opportunities created by development activity; 2) a profile of the local entrepreneurial base, including key resource needs and constraints of existing and potential area entrepreneurs; 3) existing public and private resources available to promote local entrepreneurship and other models of entrepreneurship development programs. This information can serve as the basis for the development of goals, objectives, priorities, and a programmatic plan for entrepreneurship development.

Planning should be conducted through a community process with broad participation, including local business, economic development, and civic organizations. It is especially important to involve organizations which may participate in program implementation. One organization, most likely the Chinatown/South Cove Neighborhood Council, should take the lead in managing this process. Some of the more technical research elements may need to be contracted to outside consultants.

Elements of the strategic planning process are described in more detail below.

Identify Entrepreneurial Opportunities

The specific entrepreneurial opportunities that will be created by Midtown Cultural District development must be identified. Some of the possibilities include:

- o service firms for office buildings (e.g., food services, interior landscaping, custodial, electrical); for individual offices (e.g., temporary personnel services); and for hotels;
- o retail opportunities, including:
 - conventional retail space - independently owned or franchises;
 - mobile vending - firms operating from stalls, stands, kiosks of pushcarts that are transportable to, from, or within site. For example, the Lafayette Place expansion may involve provision for pushcart operations like the Bull Market at Quincy Market;
 - concessions (small stationary space providing a convenience service, such as a newsstand).

A comprehensive effort to identify new entrepreneurial opportunities should be undertaken. This will involve obtaining information from one or more of the following sources:

- o previously conducted research, including research on the business service requirements generated by downtown office development and on retailing trends;
- o review of development plans and discussions with developers regarding proposed retailing concept and retail mix, uses of office space, and projected needs for building services by building managers and individual tenants;
- o visual survey of current retail and service activity in Midtown Cultural District;
- o a formal market study, if existing information is insufficient.

Market opportunities both for existing entrepreneurs who may want to expand and/or develop new business lines and for new entrepreneurs with limited financial resources and management experience should be explored.

Profile the Local Entrepreneurial Base

An important step in designing an entrepreneurship development program is identifying the community's base of potential and existing entrepreneurs who wish to take advantage of new business opportunities, and determining their interests, skills, resources, and what barriers to business development they face?

A profile of current business activity should be developed,¹ including information about business sector, size, age, and ownership characteristics. This can help to determine the capacity of existing businesses to expand into new product and service areas. Efforts should also be made to obtain information about the backgrounds of new entrepreneurs and individuals in the community with an interest in starting their own businesses.

¹Some information has already been gathered - see Boston Redevelopment Authority, "Chinatown Survey Area Land Use Report", January, 1988.

The profile should also determine the resource needs and constraints of Chinatown entrepreneurs. Both established and new entrepreneurs need access to a number of resources if they are to be successful at starting or expanding their businesses. In addition to business opportunities, these include capital, physical space, an adequately skilled labor force and, frequently, assistance developing and strengthening their management skills. This information can be obtained through:

- o surveys of existing businesses;
- o informal discussions with business associations, economic development organizations, and employment training, social service, and youth development organizations whose clients may include aspiring entrepreneurs.

Identify Resources for Entrepreneurship Development

There are a number of resources which already exist that can contribute to local entrepreneurship efforts. These include:

- o business and real estate financing programs sponsored by the U.S. Small Business Administration (SBA), State of Massachusetts public and quasi-public financing programs (e.g., Community Development Finance Corporation), and the City of Boston (PFD, EDIC);
- o public sector management assistance programs provided by the SBA (Small Business Development Center at Boston College, SCORE Program), the U.S. Department of Commerce Minority Business Development Agency; private sector programs such as the Council for Economic Action's Small Business Development System (see below);
- o courses offered at Roxbury or Bunker Hill Community Colleges;
- o current or retired business people within the Chinatown community.

In addition to these existing resources, a number of models of entrepreneurship development programs can be found in other communities. Some of these are described in a section below.

Existing resources to assist entrepreneurship development efforts should be inventoried. New efforts should build on these existing resources. Programs in other communities should also be studied, particularly those adopted by Asian communities in other cities, to identify approaches with potential local applicability.

Develop a Program Strategy

Once the information gathering tasks described above are completed, program goals and strategy can be developed. Program goals should be established regarding the types of entrepreneurs to be served and the types of market opportunities to be exploited. Both short- and long-term goals should be established. Specific program objectives based on these goals can then be developed. These can include "output" objectives (e.g., number of businesses served), "outcome" objectives (e.g., percentage of retail space in new develop-

ments to be occupied by Chinatown businesses), or "impact" objectives, (e.g., growth in number of community-owned businesses). Finally, a strategy, or "game plan" to accomplish these objectives must be developed. The strategy should have at least four elements:

- o **organization and management.** An organization or organizations must be identified to manage the program. If more than one organization is involved, a means of program coordination must be developed. If management is to be contracted to an organization from outside the community, it is important to develop local oversight to ensure that the program remains responsive to the particular needs of the Chinatown community;
- o **program tools.** Specific program tools should be selected (e.g., incubator, seed capital fund, management training program);
- o **program resources.** The resources to be used in developing program tools should be targeted and a strategy to obtain these resources developed. In part, this will involve negotiations with developers regarding affirmative marketing and the use of promised community benefits packages, as in the case of the Kingston-Bedford/Essex project;
- o **accountability.** A means of obtaining feedback on the program's success in meeting its goals and objectives should be developed. This will help in improving the effectiveness of the program and assessing its overall value.

The initial strategy may require modification as different organizations become involved and new opportunities arise. Nonetheless, it will serve as a reflection of community interests and priorities against which specific program proposals can be measured.

5.0 Specific Program Options

In this section a number of specific programs that can be used to promote entrepreneurship development are discussed. These programs are not presented as recommendations, but as options that can be considered along with other options in the design of an entrepreneurship strategy. They are intended as concrete examples which provide a starting point for thought and discussion about program options. More detailed information about specific programs is likely to be required before program choices can be made.

A wide variety of business assistance programs have been developed to assist in the development of small and young firms. These programs include financing, financial packaging, low-cost space, and management assistance. In addition, in recognition of the critical need for entrepreneurial and management skills in small or startup companies, entrepreneurial development programs offering intensive training opportunities for new or would-be entrepreneurs have been developed.

Business Financing

Need. The success of an entrepreneurial development strategy for Chinatown will depend on the availability of capital for business startup and expansion. Businesses need particular types of capital at each stage of their development. Equity and near equity capital for startup, working capital loans for expansion, and equipment financing are particu-



larly important for the small retail and service firms that populate the Chinatown community. Real estate financing for building purchase or improvement is also sometimes needed.

While there are many existing formal and informal sources of private financing available, *gaps* in financing availability for small Chinatown firms may still exist. In many communities, for instance there are no sources of equity financing for small entrepreneurs without their own savings. Even when financing sources, such as banks, are present, they may not effectively serve all segments of the business community. For example, some large banks do not like to make small business loans, and some banks prefer not to make business loans in low-income communities. Moreover, some businesses that may not be attractive investments for private financial institutions may be worthy of investment from the community's point of view because they help to accomplish an important economic development objective such as economic diversification or providing needed community services. Even in these cases, business must be able to make a profit in order to be worthy of financing.

Many communities have established public or joint public/private financing programs to fill gaps in the availability of financing for small businesses.

Options for consideration. There are a number of interesting models of *community-based business financing mechanisms or institutions* that could be developed in the Chinatown community. These range from programs to stimulate informal investment activity to formal financial institutions. They include:

- o **investment clubs/forums.** The Chinatown community is already likely to have a number of wealthy individual investors looking for investment opportunities within the community. In some communities investors form investment clubs which combine the desire to find profitable investment with interest in promoting community economic development and helping new entrepreneurs. In addition to financing, investment clubs provide a lot of management assistance and general "hand holding", an important contributor to the success of young firms. Investors are sometimes introduced to capital-seeking entrepreneurs through investment forums, meetings in which aspiring entrepreneurs have the opportunity to present their proposals to local investors and business experts for feedback. Investment clubs could be organized informally by members of the Chinatown business community while investment forums could be sponsored by business organizations and local community development organizations.
- o **a seed capital fund.** A more formal approach to providing entrepreneurs with investment capital would be the establishment of a seed capital fund. Such a fund could provide small amounts of equity or equity-like investment (\$50,000 or less) in startup firms. Financing from the fund could be combined with management assistance (as described in the entrepreneurship development section). The fund could be capitalized with funds from the Kingston-Bedford Community Development Fund, local investors, or a combination of these. Initial capitalization of about \$400,000 to \$600,000 would probably be appropriate. Funds would also have to be secured for professional deal analysis and portfolio management since income from the fund's investments would probably not be sufficient to cover these costs, at least initially. Seed capital investments could be used to leverage conventional financing from local banks.

- o **a community development credit union.** CDCUs are established in low-income and minority communities to provide financing for small businesses and other community uses such as housing. CDCUs usually target their business financing to non-traditional businesses (e.g., worker coops, economically disadvantaged entrepreneurs). They generally provide secured debt financing. CDCUs need to raise initial capital stock to obtain a federal or state charter. With their capital base, CDCUs can attract additional funds in the form of local deposits. Deposits in CDCUs are federally insured, which allows CDCUs to compete with banks for the funds of local savers. CDCUs can also attract deposits from the growing community of "socially responsible" investors, including foundations, religious organizations, and individuals. Some of the initial capital for the CDCU could be provided by the Kingston-Bedford Community Development Fund. Local investors could be solicited for other capital contributions.
- o **performance bond guarantee fund.** A fund could be established to guarantee performance bonds for small firms without established track records. The inability to obtain performance bonds is often a serious constraint for small service businesses (e.g., construction firms, custodial or cleaning services) who are required by clients to post such a bond.

Another approach to increasing access to financing for Chinatown businesses is to develop *cooperative efforts with local banking organizations*. While banks are not structured to provide high-risk financing, in instances where firms have equity and sound collateral bank financing can be an important component of startup and, more frequently, expansion financing.

Communities can use a number of approaches to stimulate additional financing activity by local banks. These include:

- o **bank/business linkages.** Develop more organized linkages between the business community, especially new entrepreneurs, and local banks. One approach that has worked well is to provide loan packaging assistance. A local economic development organization hires someone with banking or development finance experience who knows how to prepare financing applications. The packager can then explain to the business what information bankers expect in a financing application and help the business put the application together. At the same time, the packager develops contacts with banks and helps businesses get their foot in the door when they are ready to approach a bank for financing. Another approach is to have banks sponsor seminars for local businesses on financing and business management.
- o **community investment agreement.** The community could negotiate with local banks to establish marketing or lending agreements (e.g., banks make commitments to market their services to local businesses or set targets for business loan volume in the community). Communities wanting to establish such agreements have the most leverage when the banks are seeking regulatory approvals (such as for an acquisition or a branch opening or closing) and must demonstrate a positive community investment record. The Massachusetts Urban Reinvestment Advisory Group (MURAG) can assist community organizations in such situations. Unfortunately, regulatory approvals are required infrequently.

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- o **institutional innovations.** Banks occasionally establish development banking subsidiaries known as bank community development corporations to provide higher risk financing and business assistance services in low income communities. However, such mechanisms are usually established on a larger scale than a single neighborhood. Chinatown could work cooperatively with organizations in other neighborhoods to promote the development of a bank CDC targeted to low income neighborhoods by one or more of the city's major banks.

Steps in developing mechanisms. The most important initial step for the community in developing business financing initiatives is to determine the extent and nature of financing gaps in the community. While there is no precise way to measure financing gaps, an assessment can be made by gathering information on the financing activities of local financing institutions, the financing experience of local businesses, and the perceptions of local economic development professionals. This can be done through surveys or informal interviews. Even anecdotal information can be useful in this regard. This assessment should answer the questions: "Is there a financing gap facing small businesses in the community; if so, what is the nature of that gap and what type of mechanism is most appropriate to fill it".

If increasing the supply of financing for small business is considered an important need, the next step is to select the type of mechanism to be established and to identify potential sources of capital and/or administrative funding. If there is a desire to establish a direct financing mechanism, this involves identifying potential sources of public and private funds that could be used to capitalize such a mechanism.

An existing organization must be identified or a new entity established to design and manage the program. An organizational, capitalization and management plan must then be developed for the program.

Time frame for program development. The development time frame will vary according to the program option selected by the community. For example, the chartering of a community development credit union could take two years or longer while a loan packaging program could be developed in six months or less.

Physical Space/Small Business Incubator

Need. Physical space costs can be a major cost element for new and young businesses. If space costs are too high, they will inhibit the firm's ability to generate the internal working capital needed for initial survival and expansion.

As development pressures increase in and around Chinatown, space for small businesses has become both more costly and more scarce. This has increased the difficulty of new business development in the community. While this problem is tied to the dynamics of the private real estate market and defies a general solution, selective interventions to subsidize the space costs of startup businesses may be an important means of stimulating local entrepreneurship.

Current development proposals for the Midtown-Cultural District provide the community with an opportunity to work with developers and public programs to provide additional physical space for Chinatown entrepreneurs, both market and subsidized.

Options for consideration. Efforts to provide additional physical space can be pursued as a distinct effort or in combination with other elements of entrepreneurial development efforts, such as management assistance. Space can be for either retail or office uses depending on what business development opportunities are considered most promising. Space can be provided both within planned development projects or at other sites depending on the particular space needs of the businesses being encouraged and costs of alternative sites.

One promising approach for meeting the space needs of small startup and young firms is the *small business incubator*. An incubator is a multi-tenant facility structured to provide a "nurturing" environment for tenants to help them get on their feet, grow, and eventually "graduate" to larger facilities. Incubator space is often provided at below market rents and can offer businesses such benefits as shared equipment and secretarial assistance, management assistance, and special financing.

Incubators can be developed by public agencies, private non-profit economic development organizations, and for-profit real estate developers. They have become a popular economic development tool and have sprung up in communities across the country. In Massachusetts, the Massachusetts Government Land Bank provides financing for incubators and can help capitalize seed capital funds for incubator tenants.

One possible concept for a Chinatown incubator is an office services incubator which provides space and assistance to startup businesses providing a variety of building services to Midtown Cultural District developments. Some of the development cost of the incubator might come from the proposed Kingston-Bedford Community Development Fund. The possibility of using Job Linkage funds should also be explored. These funds could be used to leverage other funds such as Massachusetts Government Land Bank financing or private bank financing.

In the longer run, the community may also want to consider the development of facilities dedicated to manufacturing uses. While there is currently little space in the community available for industrial use, the reconstruction of the Central Artery and the development of the Chinatown Gateway may create new parcels suitable for small-scale industrial development. The development of industrial space would expand the range of both entrepreneurial and employment opportunities for Chinatown residents.

One particular promising approach to industrial development in an urban setting involves the creation of flexible production networks of small firms in the same or related industries. These firms work in close proximity, and can be located together in a single multi-tenant facility. This model has been very successful in parts of Italy and has become known as the "Italian Model". This model has a number of advantages. It permits the aggregation of production to serve large-scale customers; provides firms with economies of scale through the sharing of services or parts of the production process; and gives individual firms the flexibility to specialize in a particular process, knowing it will be linked in with other firms.

The potential of the Italian model has become well recognized in the United States. A number of areas currently are studying the potential for creating such centers, including Newark, New York, Chicago, and Massachusetts.

Steps in developing mechanism. A number of steps are involved in the development of a small business incubator or other multi-tenant facility. These include:

- o establishing economic development objectives. These will be reached through evaluation of small business opportunities created by new development and the skills and aspirations of new and potential entrepreneurs in the Chinatown community. Community input will be important in this process;
- o conducting a market study: assessing the demand for incubator or other multi-tenant space, e.g., through discussions with existing and potential entrepreneurs who fit the facility's economic development objectives and organizations who work with them; assessing the current supply and cost of similar space in the community;
- o developing a concept for the facility (e.g., size, number of tenants, types of tenants, services to be provided);
- o selecting an organization to develop the facility;
- o selecting a development site: Options for a services-oriented incubator include the Kingston-Bedford or other new office development sites, or existing sites in the community. Selection factors will include cost and compatibility of proposed uses with building characteristics;
- o preparing a feasibility study and development plan. This includes estimating development and operating costs, developing pro forma operating statements, and putting together a financing plan. A key aspect to the financing plan is likely to involve identifying sources of development and operating subsidies, which could include the Kingston-Bedford Community Development Fund or challenge grant, and state or local financing sources (e.g., Mass Government Land Bank);
- o development of the property (if new construction or rehabilitation are involved), and development of a marketing and management plan.

Time frame for program development. The planning and development of an incubator involving the leasing of existing space can be accomplished in six months to one year. Development involving substantial building rehab or new construction could take 2 to 3 years.

Entrepreneurship/Management Training.

Need. While financing and physical space of the right types and at the right cost are key ingredients in successful entrepreneurship, an all too often neglected aspect of entrepreneurship development is helping new business owners to develop the management skills to operate a small business successfully. Many individuals who go into business may have good ideas, products or professional skills and a strong motivation to succeed but may still lack skills in key areas of business management - business planning, cost accounting, inventory control, personnel management, etc. New and prospective owners often lack one or more of these necessary elements of expertise. At an even more basic level, individuals considering launching a business venture often need to have help assessing whether they have the basic qualities that have been shown to be critical to entrepreneurial success.

Entrepreneurial training and management assistance programs can thus play an important role in taking advantage of new business opportunities and developing the community's entrepreneurial base.

Options for consideration. A number of models for entrepreneurship development programs exist at the community level. These range from informal ad hoc arrangements to structured training programs. Programs can be designed both to help new businesses get started or to help existing businesses improve their skills or solve particular business problems. Some programs are targeted to specific types of entrepreneurs such as women, minorities, public assistance recipients, youth, and immigrants.

An entrepreneurship development program could be set up to help Chinatown entrepreneurs take advantage of business opportunities created by the Midtown Cultural District. The program could have the following elements:

- o training in general concepts of business planning and management,
- o focused training in how to operate the types of businesses that will develop in the District, e.g., specialty retailing, business and building services, food services.

The program could be broken down into components to help different segments of the business community. For instance, *experienced business* who want to move into new business fields could receive training focusing on the specific requirements of that field. *New entrepreneurs* could receive more general training geared to an entry level business opportunity. Innovative arrangements with developers could be part of this program. For instance, an arrangement might be worked out with the Campeau organization to create space in Boston Crossing for "mobile vendors", a good entry level business opportunity for young entrepreneurs.

The Council for Economic Action, a subsidiary of the Bank of Boston, has set up entrepreneurship development programs known as the Small Business Development System in a number of communities and is one model that could be considered. The program has five components: 1) identification of promising markets for small firms; 2) outreach to individuals within the community who would like to start their own business; 3) management education; 4) assistance in locating capital; 5) ongoing technical assistance.

Other organizations have set up programs more targeted to the economically disadvantaged and ethnic minorities, and could be looked at as well. *The Women's Economic Development Corporation* in St. Paul, Minnesota is a successful model of a women's entrepreneurship program. WEDCO's target clients are unemployed and underemployed women seeking to achieve economic self reliance through business ownership. Its programs assist clients in developing a product or service, developing a business plan, and overcoming some of the psychological barriers to business ownership experienced by the low-income. WEDCO has also set up financing programs to provide access to capital for its clients.

Other elements of a program to provide entrepreneurship training and small business assistance could include:

- o a "mentoring program" which enlists experienced members of the Chinatown business community to provide informal counseling to aspiring entrepreneurs;

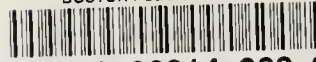
- o an "incubator without walls" which provides the benefits of an incubator (shared services, management and financial assistance) to a physically dispersed group of businesses. This concept might be useful for startup retail businesses located in different development projects throughout the Midtown Cultural District.

Steps in developing mechanism. The first step in designing an entrepreneurial/management training program is to identify the business development opportunities that are most appropriate for new entrepreneurship. The second step is to develop an understanding of the needs and interests of the program's potential clientele. This will influence choices of the type of training to be provided. These first two steps are covered in the overall planning process. Two additional steps must then be taken:

- o program design (e.g., what types of entrepreneurs should be served; what types of business opportunities should be emphasized; should services be tied closely to other elements of the entrepreneurship strategy such as an incubator or financing programs or should they be available to the more general business community; should these services be provided directly or should existing services provided by other organizations be channeled to businesses through a coordinating organization?);
- o selection of a program manager. The program could be managed by an existing community organization or contracted out to another public or private organization (e.g., community college, CEA). This choice will depend on the capacities of existing organizations and the extent of new direct services that will be provided.
- o development of a management and funding plan

Time frame for development. Elements of the program involving better coordination and marketing of existing entrepreneurial/management training resources can be established fairly quickly once the overall planning process is completed, provided an existing organization is willing to serve this function. The development of direct new program services are likely to take six months to one year.

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